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京投轨道交通科技控股有限公司
BII Railway Transportation Technology Holdings Company Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1522)

**CONNECTED TRANSACTION
LOAN AGREEMENT**

LOAN AGREEMENT

On 26 April 2019, the Company (as the borrower) entered into the Loan Agreement with Eastern Creation II (as the lender) pursuant to which Eastern Creation II agreed to provide the Loan of HK\$500 million to the Company for a term commencing from the Drawdown Date and expiring on 12 December 2021. Pursuant to the Loan Agreement, the Company and Eastern Creation II will enter into the Share Charge Agreement within 30 business days from the Drawdown Date. Pursuant to the Share Charge Agreement, the Loan shall be secured by the Share Charge provided by the Company in favour of Eastern Creation II.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Eastern Creation II is a wholly-owned subsidiary of BII. BII indirectly holds approximately 55.12% of the Shares through its wholly-owned subsidiary, namely Beijing Infrastructure Investment (Hong Kong) Limited, thus BII is the ultimate holding company of the Company and Eastern Creation II is therefore a connected person of the Company under the Listing Rules. Therefore, the transaction contemplated under the Loan Agreement and the Share Charge Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios in respect of the transaction contemplated under the Loan Agreement and the Share Charge Agreement are more than 25%, the Loan Agreement and the Share Charge Agreement are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 26 April 2019, the Company (as the borrower) entered into the Loan Agreement with Eastern Creation II (as the lender) pursuant to which Eastern Creation II agreed to provide the Loan of HK\$500 million to the Company for a term commencing from the Drawdown

Date and expiring on 12 December 2021. Pursuant to the Loan Agreement, the Company and Eastern Creation II will enter into the Share Charge Agreement within 30 business days from the Drawdown Date. Pursuant to the Share Charge Agreement, the Loan shall be secured by the Share Charge provided by the Company in favour of Eastern Creation II.

THE LOAN AGREEMENT

The principal terms of the Loan Agreement are summarised as follows:

Date: 26 April 2019

Parties: (1) the Company (as borrower); and
(2) Eastern Creation II (as lender).

As at the date of this announcement, Eastern Creation II is a wholly-owned subsidiary of BII. BII indirectly holds approximately 55.12% of the Shares through its wholly-owned subsidiary, namely Beijing Infrastructure Investment (Hong Kong) Limited, thus BII is the ultimate holding company of the Company and Eastern Creation II is therefore a connected person of the Company under the Listing Rules. Save as disclosed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Eastern Creation II and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

Principal amount: HK\$500 million

Interest rate: The annual interest rate shall be calculated as follow:

$$\text{Annual interest rate} = \frac{4.20\% \times 3}{\text{Number of calendar days of the term of the Loan} \div 360}$$

The interest shall be paid on the 12th of June and the 12th of December each year, if such day falls on a statutory holiday or a public holiday, the interest payment date will be postponed to the following business day.

The interest rate under the Loan Agreement was determined based on the parties' arm's length negotiation with reference to, among others, the prevailing interest rates quoted by the commercial banks in the PRC and the benchmark rate for one-year term loan provided by The People's Bank of China.

Term: commencing from the Drawdown Date and expiring on 12 December 2021

Usage: The Loan is designated for working capital purposes of the Company.

Conditions Precedent: The Loan Agreement is subject to the following Conditions Precedent:

- (1) the Company and Eastern Creation II having obtained all necessary approvals in relation to the transactions contemplated under the Loan Agreement, including but not limited to passing relevant board resolutions and shareholders' resolutions to approve the transactions contemplated under the Loan Agreement;
- (2) the Company and Eastern Creation II having obtained all necessary approvals from the relevant government and regulatory authorities (including the Stock Exchange) in relation to the transactions contemplated under the Loan Agreement; and
- (3) the Independent Shareholders having approved the transactions contemplated under the Loan Agreement and the Share Charge Agreement at the EGM.

If any of the Conditions Precedent are not satisfied on or before 31 December 2019 or such other date(s) as the parties may agree in writing, the Loan Agreement shall cease and determine.

Repayment arrangement: The principal of the Loan shall be repaid in one lump sum by maturity.

Security: The Share Charge Agreement shall be entered into by the parties to the Loan Agreement within 30 business days from the Drawdown Date.

Please refer to the paragraph headed "The Share Charge Agreement" below for details on the Share Charge.

THE SHARE CHARGE AGREEMENT

Pursuant to the Loan Agreement, the Share Charge Agreement shall be entered into by the parties to the Loan Agreement within 30 business days from the Drawdown Date.

The principal terms of the Share Charge Agreement are summarised as follows:

- Date:** any day within 30 business days from the Drawdown Date
- Parties:** (1) the Company (as chargor); and
(2) Eastern Creation II (as chargee).
- Subject:** Pursuant to the Share Charge Agreement, the Company shall charge all its beneficially owned rights to and interests in the entire share capital of Beijing Investment Railway, a wholly-owned subsidiary of the Company, in favour of Eastern Creation II over the charge period so as to provide guarantee for the fulfillment of the obligations of the Company under the Loan Agreement.
- Charge period:** being the period commencing from the Drawdown Date up to the date on which the Company fulfills all its repayment obligations under the Loan Agreement

Beijing Investment Railway is a company incorporated under the laws of the BVI and a direct wholly-owned subsidiary of the Company. Beijing Investment Railway is an investment holding company and it holds 95% of the entire equity interest in Huaqi Intelligent, an investment holding company. The subsidiaries of Huaqi Intelligent are principally engaged in the provision of solutions of automation and information-based systems for transportation applications. It offers products, techniques, system integration, operation services and consultancy for high-speed railway, train, urban rail transit, interurban railway and urban railway in the PRC.

INFORMATION ON THE PARTIES TO THE LOAN AGREEMENT

The Company and the Group

The Company is an investment holding company. The Group integrates investment and finance, research and development of technologies, intelligent railway transportation business and maintenance of application solution services, and implement the industry layout of “giving priority to intelligent railway transportation services and civil communication transmission services and supplementing with new business development through joint ventures and partnership”, thereby building a business layout of providing the whole lifecycle service for the development of urban railway transportation. The Group’s intelligent railway transportation services provide design, implementation and sale, and maintenance of application solution services, including related software; and the Group has been aiming for scientific and technological innovations such as rail transit cloud platform construction and big data construction and analysis, so as to promote the development of urban rail transit systems from informationised business to intelligent business.

Eastern Creation II

As at the date of this announcement, Eastern Creation II is a company incorporated under the laws of BVI and is a wholly-owned subsidiary of BII. BII holds approximately 55.12% of the issued share capital of the Company through its wholly-owned subsidiary, namely Beijing Infrastructure Investment (Hong Kong) Limited. To the best of the Directors' knowledge, information and belief, Eastern Creation II is an investment holding company.

REASONS FOR AND BENEFITS OF THE LOAN

The Directors consider that entering into of the Loan Agreement will enable the Group to obtain additional capital for its general operations purpose. The terms of the Loan Agreement, including the applicable interest rate, are entered into after arm's length negotiations between the parties and taking into account, among others, the prevailing market interest rates and practices.

The Directors (excluding the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) are of the view that the transactions contemplated under the Loan Agreement and the Share Charge Agreement, although are not in the ordinary and usual course of business, are entered into on normal commercial terms, fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Eastern Creation II is a wholly-owned subsidiary of BII. BII indirectly holds approximately 55.12% of the Shares through its wholly-owned subsidiary, namely Beijing Infrastructure Investment (Hong Kong) Limited, thus BII is the ultimate holding company of the Company and Eastern Creation II is therefore a connected person of the Company under the Listing Rules. Therefore, the transaction contemplated under the Loan Agreement and the Share Charge Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios in respect of the transaction contemplated under the Loan Agreement and the Share Charge Agreement are more than 25%, the Loan Agreement and the Share Charge Agreement are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE EGM

An EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder. BII and its associates will abstain from voting at the EGM in respect of the resolution approving the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder.

The Independent Board Committee of the Company, comprising all the independent non-executive Directors, namely Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin, has been established to advise the Independent Shareholders in respect of the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder. The Independent Board Committee has appointed VC Capital Limited as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further particulars of the Loan Agreement and the Share Charge Agreement, together with the recommendations of the Independent Board Committee, a letter from the Independent Financial Adviser, and a notice convening the EGM is expected to be despatched to the Shareholders on or before 21 May 2019.

DEFINITIONS

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Beijing Investment Railway”	Beijing Investment Railway Technology Development Limited, a company incorporated under the laws of the BVI and a direct wholly-owned subsidiary of the Company as at the date of this announcement
“BII”	北京市基礎設施投資有限公司 (Beijing Infrastructure Investment Co., Ltd.*), a company established in the PRC with limited liability and the ultimate holding company of the Company as at the date of this announcement
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	BII Railway Transportation Technology Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the Stock Exchange
“Condition(s) Precedent”	the condition(s) precedent under the Loan Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules and the word “connected” shall be construed accordingly
“Director(s)”	the director(s) of the Company
“Drawdown Date”	the date on which the Loan is drawn down and transferred to the bank account designated by the Company, which shall be any day after (i) the Loan Agreement becomes effective; and (ii) Eastern Creation II received a drawdown notice from the Company

“Eastern Creation II”	Eastern Creation II Investment Holdings Ltd, a company incorporated under the laws of BVI and a wholly-owned subsidiary of BII as at the date of this announcement
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, among others, approving the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaqi Intelligent”	蘇州華啟智能科技有限公司 (Suzhou Huaqi Intelligent Technology Co., Ltd.*), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company as at the date of this announcement
“Independent Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors, namely Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin, established for the purpose of advising the Independent Shareholders on the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	VC Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement, the Share Charge Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	the Shareholder(s) other than BII and its associates
“independent third party(ies)”	person(s) who or company(ies) which is/are third party(ies) independent of the Company and its connected person
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan”	the loan granted to the Company by Eastern Creation II in a principal amount of HK\$500 million under the Loan Agreement
“Loan Agreement”	the loan agreement dated 26 April 2019 and entered into by the Company (as borrower) and Eastern Creation II (as lender) in relation to the provision of the Loan
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Charge”	the charge of the Company’s rights and interests in the entire issued share capital of Beijing Investment Railway in favour of Eastern Creation II pursuant to the Share Charge Agreement
“Share Charge Agreement”	the share charge agreement to be entered into by the Company (as chargor) and Eastern Creation II (as chargee) by way of charge of the rights and interests in the entire issued share capital of Beijing Investment Railway in favour of Eastern Creation II pursuant to the Loan Agreement
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
**BII Railway Transportation Technology
Holdings Company Limited**
Xuan Jing
Executive Director
Chief Executive Officer

Hong Kong, 26 April 2019

As at the date of this announcement, the executive Directors are Mr. Cao Wei and Ms. Xuan Jing; the non-executive Directors are Mr. Zhang Yanyou, Mr. Guan Jifa, Mr. Zheng Yi and Mr. Ren Yuhang; and the independent non-executive Directors are Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin.

* *For identification purposes only*